

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' rating for the Bank Loan facilities aggregating to ₹ 5.50 Cr of Auromed Hospitals Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of ₹ 5.50 Cr of Auromed Hospitals Pvt. Ltd (AHPL)

Facilities	Amount (₹ Cr)	Tenure	Rating
Fund Based Over Draft	2.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Fund Based Term Loans	3.00		
Total	5.50	(INR Five Crore and Fifty Lakhs Only)	

Note- The outstanding term loan as on 21st May 2015 was amounting to only Rs.0.91 Cr.

BWR has essentially relied upon the audited financial results of the firm up to FY14, projections for FY15 to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the extensive business experience of the Managing Director for more than 18 Years, increasing in sales revenue in FY 14, vastly experienced and educated visiting doctors, adequate debt servicing ratios and past track record of the hospital in quality of treatment. However, the ratings are constrained by high gearing ratio due to decreasing profitability margins and intense competition from other hospitals.

Background:

Auromed Hospitals Pvt. Ltd is company which was established on 14th September 2006. The company is running a multi-specialist hospital in the name of AUM Hospitals. AUM Hospitals is a 100-bed multi-specialty tertiary care hospital in Pondicherry that excels in delivering affordable and qualitatively superior healthcare. The hospital was initially limited to Neurology, but currently the hospital is now serving in 12 different specialized departments including Neurology, Neurosurgery, Urology, Gastroenterology, Laparoscopic surgeries, Obstetrics and Gynecology, Pediatrics, Neonatology, ENT, Orthopedics, Oncology, Oncosurgery, Cardiology, Accident and Emergency, including the most advanced and dedicated Critical Care unit.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Ms. Gitanjali J. B. is the Chair person and Managing Director who is qualified with PGDM from XIMB and has 18 years of corporate and entrepreneurial experience. Dr Anand K Khakhar, India's leading liver and multi-visceral transplant surgeon is the other director and medical advisor to the board.

Financial Performance:

Auromed Hospitals Pvt. Ltd reported total sales revenue of ₹ 7.74 Cr. And PAT of ₹ 0.08 Cr. in FY14 as against total sales revenue of ₹ 7.18 Cr and PAT of ₹ 0.13 Cr in FY13. Debt equity ratio was 3.46 times as on March 31, 2014.

Rating Outlook:

The operations are expected to increase over the current year. Going forward, the ability of the firm to improve its revenues, profitability and net worth levels with consistent quality in healthcare and improve the gearing levels would be the key rating sensitivities.

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